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Everything you wanted to know about Aetna's newest self-funding option

Let's face it, the cost of health care is rising. And businesses are looking for new ways to manage health insurance expenses without sacrificing coverage quality. That's why we launched Middle Market Aetna Funding AdvantageSM — a self-funding option for mid-size employers.

Middle Market Aetna Funding Advantage offers all the benefits of self-funding, like flexible benefits levels and potential cost savings, without the risk of unexpected costs.

Take a look at the following questions and answers. They'll help explain taxes and fees for Middle Market Aetna Funding Advantage plans.

Q: Do state premium taxes apply to this product?

A: State premium taxes don't apply to most Aetna Funding Advantage monthly cost components. But premium taxes may still apply to stop loss premiums. Each state has its own set of tax requirements and specifications. Be sure to consult with a tax specialist to understand what taxes apply in your state.

Q: Are Middle Market Aetna Funding Advantage clients eligible for what's known as the "medical loss ratio (MLR) rebate"?

A: No. This Affordable Care Act (ACA) rebate applies only to premiums paid for medical insurance policies.

Q: What are the ACA taxes and fees?

A: The ACA includes a variety of taxes and fees intended to raise revenues that:

- Support the individual health insurance market
- Help fund state and federal exchanges
- Assist with conducting research that compares treatment effectiveness

A couple examples are the Health Insurance Providers fee and the Patient-Centered Outcomes Research Institute (PCORI) fee.

Q: Which ACA fees apply to Middle Market Aetna Funding Advantage plans?

A: The PCORI fee applies to Middle Market Aetna Funding Advantage plans. The Health Insurance Providers Fee doesn't apply to the self-funded plans like Aetna Funding Advantage plans.

Q: What is the PCORI fee?

A: Health insurers and self-funded plan sponsors have to pay an annual fee to help fund the PCORI. The PCORI's mission is to help people make informed health care decisions. They're also committed to improving health care delivery and outcomes. PCORI fee applies to policy or plan years ending before Oct. 1, 2019.

Q: When is the PCORI fee due?

A: Here's how to calculate the fee and when to pay it.

Fee calculation

For policy years and plan years ending on or after September 30, 2018, and before October 1, 2019, the assessment amount is \$2.45 per member, per year.

The PCORI fee is subject to adjustment for projected increases in the National Health Expenditures Accounts.

Fee payment

Plan sponsors are responsible for filing PCORI and paying the assessment fee.

By July 31 of the year following the last day of the plan year, plan sponsors must file Form 720, the Quarterly Federal Excise Tax Return, to report and pay the PCORI fee to the Internal Revenue Service. Plan sponsors only file and pay the PCORI fee once a year even though the word "quarterly" appears in the form's title.

Q: What resources are available?

A: Self-funded Middle Market Aetna Funding Advantage plan sponsors can access their enrollment data at no additional cost. They just need to check out the Aetna Health Information Advantage™ reporting tool. They can also work with their account manager. Enrollment reports in the Aetna Health Information Advantage tool provide the lives for each plan structure as of the 15th day of each month. These counts can be used by the plan sponsor to calculate covered lives under the snapshot-count method. We also provide a PCORI tax calculator to help plan sponsors assess their tax responsibility.

If you have any additional questions, just reach out to your Aetna® representative.

Aetna is the brand name used for products and services provided by one or more of the Aetna group of subsidiary companies, including Aetna Life Insurance Company and its affiliates (Aetna).

Aetna Funding Advantage (AFA) plans are self-funded, meaning the benefits coverage is offered by the employer. Aetna Life Insurance Company only provides administrative services and offers stop loss insurance coverage to the employer.